

Ms. Betty Gilpatric
Mary Kay Independent National Sales Director

June 1, 2006

Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)
600 Pennsylvania Avenue, NW
Washington, D.C. 20580
Re: Business Opportunity Rule R511993

Dear Sir or Madam:

As a Mary Kay Independent National Sales Director, I am writing to express my concern about the proposed New Business Opportunity Rule R511993. I am very troubled about the impact this proposed rule would have on my Mary Kay business.

I began my business as an Independent Beauty Consultant 27 years ago in June 1979 because I believed that the Mary Kay marketing plan had a strong ethical basis. By that I mean, I saw an opportunity to build a strong, profitable business without having to use coercive sales techniques because the company's training and philosophy was based on honesty and integrity. I believe that the reason I have been successful in building a large customer base and helping hundreds of consultants and Directors to do the same is because of this integrity. I am proud to be a direct seller of a quality product and business opportunity. The effect of this Rule would be to do serious damage to our industry. Direct sellers play a very important role in giving consumers a choice in how they purchase products and services.

As Independent Beauty Consultants we offer Mary Kay to others attracted to these high ethics and principles seeking a career with independence, freedom, and the chance to fulfill the dream of owning their own business. Many start their Mary Kay business to supplement their family income or help pay for holiday gifts. For others, it becomes a full-time career. This proposed new rule puts everything we've accomplished as entrepreneurs and small business owners at risk. Here's why:

Seven-Day Waiting Period

The seven-day waiting period provision of the proposed rule puts me at a competitive disadvantage in running my business and is unnecessary. The cost to begin Mary Kay and purchase a starter sales kit is only \$105. In fact, the starter sales kit can be returned for a full refund within 30 days of purchase. On a daily basis, Americans everywhere make purchases – whether it is clothes, cars, televisions or even a meal – without having to wait seven days. Our free market economy allows consumers to make their own choices and start new careers when and how they like. Mary Kay protects consumers by offering an unusually safe investment thanks to its 90% buyback policy for products

purchased by an Independent Beauty Consultant within the last twelve months (100% if returned in the first 30 days). That's a rare deal in any business.

References

The proposed rule requires the disclosure of 10 individuals who have recently been approached with Mary Kay. I am glad to provide references, but this provision adds an unreasonable administrative burden and makes doing business unduly complicated and time-consuming. First, I am not aware of every individual in every area who has been approached by every Mary Kay Independent Beauty Consultant. That means I will need to send the address of every prospective Beauty Consultant to Mary Kay Inc. and wait for the list.

Second, I am very concerned about giving out the personal information of other individuals, without their permission, to strangers. In this day of identity theft and privacy concerns, people are guarded of their personal information. The way this rule is written will scare people away from a Mary Kay career and will hurt my business and that of the 750,000 Mary Kay Independent Beauty Consultants who sell Mary Kay skin care products.

Litigation Disclosure

Finally, the proposed rule calls for the release of any information regarding prior litigation and civil or criminal legal actions to our prospective Independent Beauty Consultants. This provision does not take into account frivolous lawsuits or cases where the company was found to have done nothing wrong.

I am a hard-working, honest and ethical woman who is running a successful and legitimate business. Disclosing lawsuits in which neither I nor Mary Kay have done anything wrong is truly unfair.

In closing, let me express my appreciation to the FTC for its work in protecting consumers. You are to be applauded for all that you do. But I believe the proposed new Business Opportunity Rule has many unintended consequences that will hurt me and others who are the smallest of the small business owners.

Like you, Mary Kay also celebrates the highest ideals, morals and ethical standards. Mary Kay Ash herself challenged us to "build corridors of honesty and of fairness, of sincerity and of right-dealings." She always said:

...the most valuable assets we carry with us are our integrity, our reputation, the good, honest name upon which we can build our future in business. Integrity is the calling card we leave behind when we are gone.

Thank you for your time and for considering my comments.

Sincerely,